

Message Text

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ACTION EUR-12

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INFO AMCONSUL NAPLES

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TAGS: EINV, IT

SUBJECTC: U.S. SUBSIDIARIES IN NAPLES

REF: STATE 031251 AND NAPLES 4251

1. EMBASSY STRONGLY CONCURS WITH NAPLES' RECOMMENDATION THAT DEPARTMENT UNDERLINE TO MANAGEMENT OF 3 COMPANIES THE DESIREABILITY OF TAKING FULLY INTO ACCOUNT THE ENVIRONMENT

IN NAPLES AREA AT PRESENT.

EMBASSY ALSO

SUGGESTS THAT COMPANIES BE PERSUADED TO APPRAISE APPROPRIATE GOI MINISTRIES

OF THEIR PROBLEMS AT A POINT IN TIME EARLY ENOUGH TO PERMIT GOI TO FIND ALTERNATIVE SOURCES OF EMPLOYMENT FOR DISPLACED WORKERS. WE

KNOW, FOR EXAMPLE, THAT FORMER PM AND NOW BUDGET MINISTER AND MINISTER FOR LA CASSA DEL MEZZOGIORNO ANDREOTTI IS INTERESTED IN HELPING RESOLVE

U.S. COMPANIES PROBLEMS. AMBASSADOR MET WITH ANDREOTTI ON FEBURARY 11,

REVIEWING WITH HIM SITUATION AT GENERAL INSTRUMENT PLANT AND MENTIONING THAT THERE WERE NUMBER OF OTHER AMERICAN FIRMS

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IN NAPLES AREA FACING

SAME PROBLEMS. ANDREOTTI SAID IN CONFIDENCE THAT HE WAS HOPEFUL THAT ONE OF GOI HOLDING COMPANIES (SELENIA) WOULD BE ABLE TO ABSORB 150, AND POSSIBLY 200 OF THE MEN AND WOMEN LAID OFF AND THAT SOMEHOW WAYS AND MEANS WOULD BE FOUND TO FIND FURTHER EMPLOYMENT FOR REMAINING 100. AMBASSADOR OFFERED TO BE HELPFUL IN ASSURING THAT MINISTRIES GET INFORMATION ON COMPANIES SITUATION, (PREFERABLY DIRECT FROM FIRMS THEMSELVES) LONG BEFORE PROBLEMS REACH CRISIS STAGE.

2. IT IS EMBASSY'S IMPRESSION FROM CHECKS WITH OTHER CONSULATES THAT THE PROBLEMS FACED BY US COMPANIES ELSEWHERE IN ITALY ARE MUCH LESS PRESSING THAN THOSE FACED IN THE MEZZOGIORNO. ALTERNATIVE OPPORTUNITIES FOR LAIDOFF WORKERS ARE RELATIVELY MORE PLANTIFUL THAN IN SOUTH. EVEN IN TURIN, WHERE AUTOMOBILE AND RELATED INDUSTRIES HAVE HIT HARD BY CURRENT RECESSION. US SUBSIDIARIES WHICH HAVE LAID-OFF WORKERS HAVE NOT FACED A PLANT OCCUPATION OR OTHER VIOLENT WORKER REACTION SINCE WORKERS HAVE BEEN ABSORBED ELSEWHERE.

3. IN ROME AREA POTENTIAL PROBLEM SIMILAR TO NAPLES EXIST WITH AUTOVOX, MATO- ROLA SUBSIDIARY, WHOSE MANAGEMENT HAS INFORMED EMBASSY THAT IT MAY BE FORCED TO LAY-OFF HALF THE 2300 MAN WORK FORCE SINCE ITS EUROPEAN MARKETS HAVE SHRUNK SO DRASTICALLY AND LABOR COSTS HAVE INCREASED SO DRAMATICALLY. COMPANY IS WAITING WORD FROM HEADQUARTERS ON FINAL DECISION, AND EMBASSY HAS URGED LOCAL REPS TO CONTACT GOI AUTHORITIES BEFORE THE PROBLEM REACHES CRITICAL STAGE. VOXSON, U.K. FORM AND COMPETITOR TO MOTOROLA, FACING SIMILAR PROBLEMS IN FROSINONE, SOUTH OF ROME, BUT WHAT IT PURPORTS TO DO IS NOT KNOWN AT THE MOMENT.

4. WE THINK THAT THE CASES REPORTED THUS FAR BY CONGEN REPRESENT ONLY A VERY SMALL PERCENTAGE OF TOTAL US COMPANIES, NOW NUMBERING SOME 600, IN ITALY. THOUGH MANY US MANUFACTURING FACILITIES UNDOUBTEDLY ARE FEELING EFFECTS OF RECESSION, MOST WITH PROBLEMS HAV BEEN SUCCESSFUL IN TEMPORARY LAY-OFFS (I.E. PUTTING WORKERS ON UNEMPLOYMENT BENEFITS UNDER THE CASSA DI INTEGRAZIONE SYSTEM) OR, AS IN THE CASE OF LIMITED OFFICIAL USE

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NASHUA-ITALIA (SEE MILAN 0210) NEGOTIATING TOWARD AMICABLE SETTLEMENT.

5. NAPLES AND MEZZOGIORNO DIFFICULTIES DO DEFINITELY REPRESENT A SPECIAL CASE BUT ONE, NONETHELESS, WHICH HAS A BEARING ON THE CLIMATE FOR US INVESTMENT IN THAT AREA IF SOLUTIONS ARE NOT FOUND TO IMMEDIATE PROBLEMS. OBVIOUSLY USG NEITHER CAN NOR SHOULD BE GENERALLY PROMOTING US INVESTMENTS IN THIS

CHRONICALLY DEPRESSED ARE FOR THE TIME BEING. OUR WILLINGNESS
TO DO SO, HOWEVER, SHOULD BE A FUNCTION AMONG OTHER FACTORS (E.G.,
IMPROVEMENT OF GENERAL ECONOMIC SITUATION IN ITALY AND ELSEWHERE)
OF THE EFFECTIVENESS WITH WHICH THE GOI WILL ACT IN EASING COMP-
ANIES' PROBLEMS. ANOTHER IMPORTANT
INGREDIENT BEARING ON US-ITALIAN RELATIONS IS THAT OF THE STYLE
USED BY THE US COMPANIES IN RELEASING WORKERS.
GENERAL INSTRUMENT, THRU A
BASIC MISUNDERSTANDING, WE BELIEVE, FAILED TO TELL THE MINISTRIES
CONCERNED THAT NOTICES OF DISMISSAL WERE
BEING ISSUED TO THE WORKERS ON THE
SAME DAY THAT THE COMPANY'S CHAIRMAN OF THE BOARD WAS SEEKING
MINISTER ANDREOTTI'S HELP IN GETTING A SOLUTION TO COMPANY'S
PROBLEMS. AS A RESULT, ANDREOTTI
FELT RESTRAINED IN SEEKING SOLUTION WHEN FACED, NEXT DAY, WITH
IMMINENT COMPANY LAYOFFS. EMBASSY WAS EMBARRASED SINCE IT HAD
HELPED ARRANGE
APPOINTMENT FOR CHAIRMAN WITH MINISTER. WE HOPE SUCH CASES WILL
NOT BE
REPEATED IN THE FUTURE. VOLPE

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